



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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## **TREASURER ANGELIDES COMMENTS ON LEGISLATIVE ANALYST'S OVERVIEW OF GOVERNOR'S MAY BUDGET REVISION**

SACRAMENTO, CA – State Treasurer Phil Angelides had the following comments today in response to Legislative Analyst Elizabeth Hill's overview presented today of Governor Schwarzenegger's May revision of his 2004-05 budget:

"In her non-partisan analysis of the Governor's May budget revision, Elizabeth Hill confirms what the Treasurer's Office has pointed out and will continue to point out in the weeks ahead: The Governor's revised spending plan is chock full of one-time fixes, accounting gimmicks and borrowed money that will put California right back where we started from – facing massive deficits for years to come. As the Legislative Analyst points out, the Governor's revised budget proposal worsens the State's fiscal condition despite an improving economy.

"The Governor's revised budget includes \$9 billion in temporary fixes, including \$5 billion in one-year-only Band-Aids, all of which means the State continues to engage in growing deficit spending. According to Elizabeth Hill's own account, the budget deficit will grow to \$8 billion by the 2006-07 budget year, and that is dependent on what Ms. Hill says is 'a big assumption' – it counts on budget 'solutions' and revenues that have not and may never be realized.

"If several of those rosy assumptions do not pan out, such as legally questionable Pension Obligation Bonds and near-mythical federal assistance, then that \$8 billion hole in 2006-07 could grow to \$10 billion – or \$27 million a day – the same-sized deficit as when the Governor took office.

"I agree with Ms. Hill that there is no better time than now to truly address our State's structural budget imbalance with a realistic mix of spending cuts and revenue solutions.

"As Ms. Hill put it in her written report today, 'The [Governor's] May Revision plan misses an important opportunity to make more meaningful inroads toward eliminating the state's long-term structural imbalance – a persistent gap that the state will not be able to 'grow its way' out of...the May Revision adds to the state's future spending commitments. These factors have resulted in a worsening in the state's long-term fiscal outlook relative to the January proposal, even though the underlying revenue picture has brightened.'"

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